

Memorandum



Date: February 20, 2007

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Supplemental Information - Agenda Item 8A1A First Amendment to Agreement
between Miami-Dade County and BFI Waste Systems of North America, Inc.

Supplement to
Agenda Item No. 8 (A) 1 (A)

The following supplemental information to Item 8A1E on the February 6, 2007 Board agenda is provided in response to questions raised by committee members at the January 18, 2007 Regional Transportation Committee meeting. Item 8A1E ratifies the Miami-Dade Aviation Department (MDAD) contract with BFI for the disposal of international waste.

Analyses of the costs to dispose of international waste, combined with BFI's provision of seven compactors, are broken-down as follows:

BFI - Cost Breakdown

| | |
|------------------------------|--|
| BFI New Service Cost: | \$.0975 per pound (\$195 per ton) |
| SWM (15% Disposal Fee) | -\$0.0146 per pound |
| Wheelabrator Disposal Rate | -\$0.0750 per pound |

Gross Operating Income **\$.00079 per pound (\$15.75/Ton)***

**Out of gross operating income, BFI pays for labor, truck maintenance, fuel and insurance costs – the exact breakdown of these items was not disclosed; however, as figures illustrate, the profit margin is slim to none.*

Additionally, BFI is also responsible for all maintenance and repairs for existing County-owned compactors at MDAD's sole discretion as well as for seven new compactors to be provided if this agreement is ratified.

MDAD – Cost Breakdown

| | |
|--|---|
| MDAD Total Cost Proposal: | \$.095 per pound (\$190 per ton) |
| Vendor Disposal Cost (SWM & Disposal Fees) | - \$.01 per pound |
| Truck maintenance, Labor, Fuel Costs | -\$0.085 per pound |

The difference in cost for service between BFI's \$195 (\$.0975 X 2,000) per ton and MDAD's \$190 (\$.0950 X 2,000) per ton on an average of 5,103 tons per year is \$25,515 or \$5 per ton. In addition, as stated above, BFI is providing seven new compactors at a cost savings to the County of \$175,000 over the five-year term included in their costs. BFI will maintain the compactors as part of the contract services. If MDAD were to pursue the hauling of international waste in-house, MDAD would have to expend \$175,000 to replace the existing seven international compactors, which have exceeded their life cycle and bear the maintenance costs as well.

Although MDAD could handle the international waste hauling in-house at \$190 per ton, the provision of both hauling and disposal by BFI will protect the County from exposure to an unquantifiable liability risk due to regulated waste spills and will save the County the cost of procuring and maintaining needed new

compactors. If BFI had excluded the seven compactors as part of the negotiation, they would have matched MDAD's costs of \$190 per ton.

MDAD was also asked to provide the cost of terminating the BFI contract. It has been determined that because BFI is presently operating under a new price structure, the County may have to pay as much as \$1,075,000 to terminate this agreement.

MDAD discussed the cost of waste disposal with Solid Waste Management (SWM). After an analysis of our costs, taking into account current industry cost for such areas as trucking, fuel and vendor disposal, SWM concluded that our costs are reasonable. A comparison of disposal costs for municipal solid waste or recycled goods versus international waste is not valid because of the special handling and disposal required for international waste. SWM is neither equipped nor capable of handling international waste.

A handwritten signature in black ink, appearing to read 'Susanne M. Torriente', is written over a horizontal line.

Susanne M. Torriente
Chief of Staff/Assistant County Manager